

## FISCAL UPDATE Article

Fiscal Services Division

October 23, 2019



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### FY 2021 DEPARTMENT REQUEST —HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

**Fiscal Year 2021 General Fund Department Requests.** Departments are requesting a total of \$2.086 billion from the General Fund, an increase of \$149.0 million compared to estimated FY 2020, as presented in the table below. Other funds requested total \$292.0 million, a decrease of \$9.3 million compared to estimated FY 2020. Pursuant to Iowa Code section [8.35A](#), the Department of Management has until November 15 to adjust any final budget records or department requests. This document will be updated if changes are received after publication.

General Fund Appropriation Totals					
	Actual FY 2019	Estimated FY 2020	Dept Request FY 2021	Dept Req v. FY 2020	Percent Change
Iowa Department on Aging	\$ 12,192,745	\$ 12,314,203	\$ 12,314,203	\$ 0	0.0%
Department of Public Health	54,854,309	55,445,021	55,895,021	450,000	0.8%
Department of Veterans Affairs	4,140,500	4,219,763	4,219,763	0	0.0%
Iowa Veterans Home	7,162,976	7,131,552	7,131,552	0	0.0%
Department of Human Services	1,893,468,589	1,857,928,046	2,006,108,676	148,180,630	8.0%
Board of Regents – UIHC	0	0	400,000	400,000	N/A
<b>Total Health and Human Services</b>	<b>\$ 1,971,819,119</b>	<b>\$ 1,937,038,585</b>	<b>\$ 2,086,069,215</b>	<b>\$ 149,030,630</b>	<b>7.7%</b>

**Department of Public Health.** The Department of Public Health (DPH) is requesting an increase of \$450,000 for the Public Protection appropriation to fund the infrastructure hosting and licensing costs of electronic laboratory reporting (ELR). Laboratory reporting is a core function of the DPH and is one tactic for disease surveillance. Labs in Iowa are required to submit to the DPH positive results on specific tests. Since 2013, the DPH has been utilizing an ELR developed by an external provider (software called SmartLabs) to speed up reporting time from labs and reduce errors in reported information.

Electronic laboratory reporting is currently facilitated through a contract with the Iowa Health Information Network (IHIN). The IHIN was established by 2012 Iowa Acts, chapter [1080](#) (Iowa Health Information Network Act) as part of the DPH and administered by the Department using State funds and federal matching funds, as well as healthcare provider subscription fees. 2015 Iowa Acts, chapter [73](#) (Iowa Health Information Network Transition Act) directed the DPH to transfer the administration and governance of the IHIN to a nonprofit entity. This transfer of governance took place on March 31, 2017. A requirement of the transition was the ongoing facilitation of ELR by the new organization. After the transition, the DPH continued to pay for service utilized with State matching funds to allow the drawdown of federal funding as well as other program funds. Additionally, IHIN provider participation fees also paid for the cost of ELR services.

Recently, the nonprofit entity operating IHIN is experiencing financial challenges due to provider participation withdrawal, which jeopardizes the future of the ELR service that the DPH utilizes. The DPH has issued a request for information to gather data on the best path forward for establishing ELR directly within the Department. The exact timing and impacts on the changes of services provided by the IHIN are unknown, but nationally, some health information exchanges have ceased or changed services provided in a significant manner to ensure ongoing operation.

**Department of Human Services.** The Department is requesting increases totaling \$148.2 million, including:

- A net increase of \$124.1 million for the Medicaid Program to reflect the following:
  - An increase of \$106.6 million to replace the unfunded need from FY 2020.
  - An increase of \$2.5 million due to lower revenue from the Health Care Trust Fund, Palo Tax revenue, and Decategorization revenue.
  - An increase of \$10.1 million for a less than 1.0% increase in member months paid to managed care organizations (MCOs).
  - An increase of \$26.4 million due to the reinstatement of the federal Health Insurer Fee.
  - An increase of \$15.6 million for increased fee-for-service claims, Medicare Part A and B premium payments, and the Medicare Part D Clawback payment.
  - A decrease of \$4.2 million due to an increase in drug rebates and other recoveries.
  - An increase of \$3.0 million for increased funding related to adult and children's mental health programs.
  - An increase of \$871,000 to increase reimbursement rates for Assertive Community Treatment (ACT) providers based on the December 2018 ACT rate report.
  - A net decrease of \$36.8 million to reflect the increase in the regular Federal Medical Assistance Percentage (FMAP) rate. That increase is offset by a decrease from 91.5% to 90.0% in the Iowa Health and Wellness Plan FMAP rate. This does not include the final FMAP rate adjustment for FY 2021, which was less favorable than the initial projection and will require an additional \$17.2 million in General Fund appropriations.
  - This request does not reflect any increase in MCO capitation rates for FY 2021.
- An increase of \$20.0 million for the Children's Health Insurance Program to reflect the following:
  - An increase of \$1.2 million to replace the unfunded need from FY 2020.
  - An increase of \$513,000 to replace carryforward from the prior fiscal year.
  - An increase of \$220,000 due to a 1.3% increase in member months paid to the MCOs.
  - An increase of \$14,000 due to a 3.0% increase to the administrative contract.
  - An increase of \$444,000 due to the reinstatement of the federal Health Insurer Fee.
  - An increase of \$17.6 million due to an adjustment in the regular FMAP rate and the elimination of the 23.0% enhanced FMAP rate in FFY 2021.
- A net increase of \$2.0 million for the Adoption Subsidy program to reflect the following:
  - An increase of \$5.3 million to comply with Iowa Code section [234.38](#), funding subsidy rates at 65.0% of the United States Department of Agriculture (USDA) estimated cost to raise a child in the Midwest.
  - A decrease of \$5.3 million to notwithstanding Iowa Code section [234.38](#) to maintain subsidy rates at current levels.
  - A decrease of \$716,000 to reflect the increase in the regular FMAP rate.
  - A net decrease of \$877,000 due to higher federal Title IV-E eligibility among children enrolled in the program, partially offset by program growth.
  - An increase of \$3.5 million to restore the appropriation to the FY 2015 funding level. The funding is intended to cover reinvestment savings generated by the two previously listed decreases, plus the unfunded portion of the State spending requirements related to federal Title IV-E eligibility savings. Funds can be spent on the Subsidized Guardianship Program as well as activities required by the Family First Prevention Services Act.
- An increase of \$2.1 million for the Eldora State Training School to replace one-time carryforward funding.

The Department used \$2.1 million in one-time carryforward funding to do the following in FY 2020:

  - Add nine additional youth service workers, totaling \$442,000.
  - Add two additional mental health therapists, totaling \$146,000.
  - Add one additional youth counselor supervisor, social worker, training specialist, human resource associate, and management analyst, totaling \$329,000.

- Better manage census numbers through salary balancing adjustments, personal travel costs, and IT equipment.
- No change for the Child Care Assistance General Fund appropriation for covering program growth, quality requirements, and adjustments to the CCA Plus component due to the increase in federal Child Care Development Block Grant funding.

**Board of Regents – University of Iowa Hospitals and Clinics (UIHC).** The UIHC is requesting \$400,000 to support the creation and training of four psychiatric residents to provide mental health services in underserved areas of the State. This is in addition to the \$400,000 appropriated to the DPH for FY 2020, bringing the program total to eight slots.

**Other Departments.** No other Departments under the purview of the Appropriations Subcommittee requested any additional funding or made any changes compared to estimated FY 2020.

**Fiscal Year 2021 Other Funds Department Requests.** The Department of Human Services is requesting a total of \$292.0 million from various other funds, a decrease of \$9.3 million compared to estimated FY 2020. The decrease is due to reduced revenue to the Health Care Trust Fund.

Other Funds Appropriation Totals					
	Actual FY 2019	Estimated FY 2020	Dept Request FY 2021	Dept Req v. FY 2020	Percent Change
Department of Human Services	\$ 289,852,028	\$ 301,260,144	\$ 292,000,144	\$ -9,260,000	-3.1%
<b>Total Health and Human Services</b>	<b>\$ 289,852,028</b>	<b>\$ 301,260,144</b>	<b>\$ 292,000,144</b>	<b>\$ -9,260,000</b>	<b>-3.1%</b>

**Additional Notes.** Additional information can be found on the LSA webpage:

- [Appropriation Tracking](#)
- [Department Webpages](#)
- [Budget Unit Briefs](#)
- [Medicaid Forecast](#)
- **Fiscal Update:** [Department of Human Services FY 2020 Supplemental Request](#)
- **Fiscal Update:** [FY 2021 FMAP Match Rate](#)

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